



**Testimony of  
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**Before the  
Committee on State Administration  
of the  
Montana House of Representatives**

**on  
- HB 544 -  
Voluntary, Automatic Dues Deduction  
from Pension Checks**

**February 13, 2007**

My name is Don Kinman and I'm the Executive Director of Montana Council 9 of the American Federation of State, County and Municipal Employees. I want to thank you, Chairman Himmelberger, along with the other members of this Committee, for giving me the opportunity to testify today on behalf of AFSCME Council 9 and our affiliated retiree chapter, the Montana Retired Public Employees Council.

The legislation I'm here to address, House Bill 544, would affect pensioners in retirement systems administered by the Montana Public Employees Retirement Administration (MPERA). It would allow them to sign voluntary cards for dues deduction from pension checks when they join labor or other organizations that represent retirees.

In the case of union members in the workforce, the system of deducting dues from paychecks is commonly known as "dues checkoff." For many years now, it has been AFSCME's primary method of dues collection for our working members here in Montana and around the nation. In fact, most unions use a dues checkoff system, in cooperation with their members' employers.

Checkoff has been so successful as an efficient dues collection mechanism that, in 1980, when our national union started the AFSCME Retiree Program, we sought similar mechanisms in jurisdictions where we had organized retiree chapters. Often it was accomplished through the legislative process, with bills similar to HB 544.

Over the years, 38 major public-sector retirement systems have instituted checkoff from pension checks and the list has grown by an average of 2 or 3 systems each year. They include many state funds, including Illinois, New York, Arizona, California and Washington State.

Pension checkoff is usually reserved for bonafide public-sector retiree organizations. Generally, this means affiliation with the organization that represents current employees. Checkoff is not available to mainstream senior citizen organizations, such as AARP, or to vendors who want to deduct payments for insurance or other commercial products.

Automatic dues deduction is extremely helpful to our retiree chapters. Nationwide, AFSCME has nearly 230,000 dues-paying retiree-members and many of our chapters have hundreds and even thousands on their membership rolls. Hand collection of dues can be a time-consuming and expensive procedure, often taking months to complete each year. Dues checkoff is much simpler.

Once legislation is approved, the process starts with AFSCME and the retirement system working together on the appropriate language and format for a checkoff card. Then, we try to devise the easiest and least expensive procedures for the retirement system to institute dues deduction. In our experience, checkoff procedures are usually incorporated with relative ease into a retirement system's overall administrative responsibilities. While there can be some start up costs, they tend to be manageable, and ongoing expenses are not significant.

When checkoff is underway, retirees can voluntarily sign a card and authorize the retirement system to deduct dues -- generally on a monthly basis -- for membership in AFSCME. Each month, the AFSCME retiree chapter submits its newly signed cards to the retirement system for processing.

Let me emphasize that the decision to sign a checkoff card is completely voluntary on the part of the pensioner. If, at any time, a retiree wishes to cancel his checkoff card, all he has to do is drop a note to the retiree chapter. The retiree chapter immediately reports the cancellation to the retirement system and the member's dues deductions stop.

In most cases, automatic dues deduction is a convenience for the retiree. Once a retiree signs up, he never has to write a check or remember to pay his dues. This is especially important for those who take advantage of AFSCME's special membership benefits, such as our low-interest MasterCard or discount legal services plan. An inadvertent lapse in membership for these retirees means cancellation of benefits.

Where we have monthly checkoff, retirees often find it more affordable to deduct a small amount from their pension check each month than to write a check for a larger amount each year. Of course, those retirees who prefer to write an annual check are welcome to do so, even when automatic dues deduction is in place. For most of our chapters, dues are \$15.00 per member per year or \$1.25 a month. Of that amount, the Chapter keeps \$11.40 and sends \$3.60 to the International Union as a per capita tax.

Automatic dues deduction is a real convenience for our retiree chapters. When dues are collected through checkoff rather than by individual hand collection and renewal procedures, AFSCME retiree chapters have a lot more time to devote to other activities.

Our groups meet regularly on the local level. When they meet, they like to socialize with friends from working days. They plan excursions, luncheons and community service projects, and invite guest speakers to their meetings. Speakers cover a variety of topics, providing information on pensions, Social Security and Medicare, wills and other legal matters, community resources, and health care.

They also follow developments in their pensions and other retirement benefits, and seek ways to protect them. On the Federal level, they monitor Social Security and other senior citizen issues in much the same way.

In short, automatic dues deduction gives AFSCME retirees more time and energy to do the things that brought them together in the first place. These men and women spent their lives building their union and working in the public service. Now, we think they deserve to occupy their time with more than bookkeeping headaches.

AFSCME hopes you will agree and will look favorably on the institution of pension checkoff. Thank you again for your time and consideration.

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**Public Retirement Systems**  
**Permitting Dues Deduction**  
**from Pension Checks**



<i><b>SYSTEM</b></i>	<i><b>BENEFICIARIES</b></i>
Arizona State Retirement System	All state and most local government retirees.
California Public Employees' Retirement System	All state government retirees, as well as a number of the local governments retirees.
City of Baltimore Retirement System	Retirees of the City of Baltimore, Maryland.
City of Chicago Retirement System	Retirees of the City of Chicago, Illinois.
City of Cincinnati Retirement System	Retirees of the City of Cincinnati, Ohio.
City of Detroit Retirement System	Retirees of the City of Detroit, Michigan.
City of Los Angeles Retirement System	Retirees of the City of Los Angeles, California.
City of Philadelphia Retirement System	Retirees of the City of Philadelphia, Pennsylvania.
City of Wilmington Retirement System	Retirees of the City of Wilmington, Delaware.
Colorado Public Employee Retirement Association	All Colorado state government retirees, as well as most retirees of local governments.
Connecticut State Employees' Retirement System	All state government retirees.
Connecticut Municipal Employees Retirement System	Various municipal retirees across the state.
Contra Costa County, California Retirement System	All retirees of Contra Costa County, California.
Cook County, Illinois Retirement System	All retirees of Cook County, Illinois.
Delaware State Retirement System	All state government retirees, as well as a number of local governments.

<i><b>SYSTEM</b></i>	<i><b>TYPE OF BENEFICIARIES</b></i>
Employees Retirement System of Texas	All Texas state government retirees.
Hawaii Employees' Retirement System	All state and local government retirees.
Houston Municipal Employees Retirement System	All City of Houston, Texas retirees.
Illinois Municipal Retirement Fund	All local government retirees with the exception of Chicago and Cook County.
Illinois State Employees' Retirement System	All state government retirees.
Illinois State University Retirement System	All retirees of the various public universities in the state.
Los Angeles County Employees' Retirement System	All retirees of Los Angeles County, California.
Maine State Retirement System	All state and local government retirees.
Maryland Employees' Pension System	All retirees of the State of Maryland, as well as retirees of most local governments in the state.
Nevada Public Employees' Retirement System	All state and local government retirees.
New Mexico Public Employees' Retirement System	All state and local government retirees.
New York City Cultural Institutions Retirement System	Retirees from museums, zoos, and other city cultural institutions.
New York City Employees Retirement System	All retirees of the City of New York.
New York State Police and Fire Retirement System	Retired New York police and firefighters.
New York Employees' Retirement System	All retirees of the state of New York and all local government retirees with the exception of New York City.
Ohio Public Employee Retirement System	All Ohio state, local and university retirees.
Ohio School Employees Retirement System	All Ohio non-teaching school employees.
Pontiac, Michigan General City Retirement System	All retirees of the City of Pontiac, Michigan.

<i>SYSTEM</i>	<i>TYPE OF BENEFICIARIES</i>
San Mateo County, California Retirement System	All retirees of San Mateo County, California.
Employees Retirement System of Rhode Island	All state government retirees of Rhode Island.
Washington Public Employees' Retirement System	All retirees of the state of Washington including most local government retirees.
Wayne County, Michigan	All retirees of Wayne County, Michigan
West Virginia Public Employees' Retirement System	All state and local government retirees.